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**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

JOSHCO GROUP, LLC dba
VETERAN BENEFITS GUIDE;
VETERANS GUARDIAN VA CLAIM

Case No. '26CV4727 WQHGC

COMPLAINT

1 CONSULTING, LLC; DUANE LEE
 2 SVOBODA; and JONATHAN
 3 TAYLOR SVOBODA,

4 *Plaintiffs,*

5 v.

6 ROB BONTA, in his official capacity as
 7 the Attorney General of the State of
 8 California,

Defendants.

9 Plaintiffs JoshCo Group, LLC dba Veteran Benefits Guide (“VBG”), by and
 10 through its undersigned counsel of record, the law firm of Brownstein Hyatt Farber
 11 Schreck, LLP; and Plaintiffs Veterans Guardian VA Claim Consulting, LLC
 12 (“Veterans Guardian,” together with VBG, the “Consulting Plaintiffs”), Duane L.
 13 Svoboda, and Jonathan T. Svoboda, by and through their undersigned counsel of
 14 record, Akin Gump Strauss Hauer & Feld LLP, file this Complaint against Defendant
 15 Rob Bonta, in his official capacity as the Attorney General of the State of California
 16 (“Defendant”), alleging as follows:

17 **PRELIMINARY STATEMENT**

18 1. Plaintiffs bring this action to vindicate their First Amendment rights to
 19 speak, associate, and petition the government with respect to disability benefits owed
 20 to veterans who honorably served the country. California Senate Bill 694 (“SB 694”)
 21 prohibits Plaintiffs from offering or receiving paid advice regarding disability
 22 claims—even if veterans want to use such assistance with their own claims, and even
 23 if most consultants provide it with transparency, expertise, and integrity.

24 2. Plaintiffs also bring this action because SB 694 is preempted by federal
 25 law. SB 694’s complete bar on paid assistance by anyone with respect to initial
 26 claims and by nonaccredited consultants with respect to any claims—on pain of
 27 criminal punishment, no less—runs counter to Congress’s decision to lift such a
 28 blanket prohibition twenty years ago.

1 3. On February 10, 2026, Governor Gavin Newsom signed into law
2 SB 694, with an effective date of January 1, 2027. The law amends the California
3 Civil Code, within the Consumers Legal Remedies Act (“CLRA”), and the California
4 Military and Veterans Code (“CMVC”) to bar any individual or entity from
5 contracting for, charging, or receiving compensation for advising or assisting
6 veterans with their initial claims for disability benefits before the U.S. Department of
7 Veterans Affairs (“VA”), and for advising or assisting veterans with any claims
8 without the VA accreditation that applies to agents and attorneys.

9 4. Plaintiffs VBG and Veterans Guardian (together, the “Consulting
10 Plaintiffs”) provide critical consulting services to veterans across the country by
11 advising and assisting clients with their own claims for VA disability benefits.
12 Because the Consulting Plaintiffs receive compensation for their professional
13 services (only if those services help the veterans to obtain an increase in monthly
14 benefits), they will no longer be able to provide their advice or assistance once SB
15 694 takes effect. In fact, the Consulting Plaintiffs have already had to turn away
16 veterans who have sought their help and limited services to existing clients.

17 5. Plaintiff Duane L. Svoboda and his son, Plaintiff Jonathan T. Svoboda
18 (together, the “Veteran Plaintiffs”), are California veterans seeking to obtain the
19 disability benefits to which they believe they are entitled from the VA. Like many
20 veterans, they initially turned to veteran service organizations (or other sources, like
21 accredited agents or attorneys) for assistance, but found those options unable to
22 provide the timely, individualized, effective support they needed because of, among
23 other concerns, limited staffing, heavy caseloads, and resource constraints. After
24 years of struggling to navigate the VA claims process through those channels, Duane
25 Svoboda obtained valuable advice and assistance from Veterans Guardian, which he
26 used to successfully increase his disability rating. Based on that positive experience,
27 Duane recommended Veterans Guardian to his son so that Jonathan could receive the
28 same valuable advice and assistance in pursuing increased disability benefits from

1 the VA. But SB 694 is preventing Jonathan from receiving the support that his dad
2 obtained. The Veteran Plaintiffs wish to retain Veterans Guardian to advise them on
3 additional claims for increased disability ratings and benefits, but they cannot do so
4 because of SB 694.

5 6. SB 694 violates the Consulting Plaintiffs' First Amendment rights by
6 unlawfully restricting their speech. Specifically, SB 694 burdens the Consulting
7 Companies' ability to provide advice and assistance (to include instruction,
8 education, guidance, drafting, etc.) concerning veterans' claims for VA disability
9 benefits.

10 7. SB 694 also violates the First Amendment rights of the Veteran
11 Plaintiffs to communicate about their claims with VBG and Veterans Guardian, to
12 petition the government for redress of grievances, and to associate with claims
13 consultants like VBG and Veterans Guardian for that purpose.

14 8. SB 694 is not narrowly tailored to further a compelling government
15 interest. Contrary to Supreme Court precedent, California has "lump[ed]"
16 responsible industry participants like VBG and Veterans Guardian together with
17 actors that the State is concerned might not be so scrupulous, broadly prohibiting all
18 paid claims assistance on initial claims (and all non-accredited assistance with other
19 claims) rather than targeting actual predatory behavior. *Vill. of Schaumburg v.*
20 *Citizens for a Better Env't*, 444 U.S. 620, 637 (1980). Even if California adequately
21 articulated or justified its interest in protecting veterans in connection with SB 694,
22 it must act through regulations "'narrowly tailored to achieve that interest.'" *Citizens*
23 *United v. Fed. Election Comm'n*, 558 U.S. 310, 340 (2010) (citation omitted).
24 SB 694's indiscriminate prohibitions fall far short of that rigorous standard—as
25 reinforced by the reality that several other states have enacted laws that provide
26 targeted, reasonable consumer-protection guardrails without a blanket ban on paid
27 advice and assistance.

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9. SB 694 is facially unconstitutional because “no set of circumstances exists under which the [law] would be valid” and “a substantial number of [the law’s] applications are unconstitutional, judged in relation to the statute’s ‘plainly legitimate sweep.’” *Moody v. NetChoice*, 603 U.S. 707, 723 (2024) (quoting *United States v. Salerno*, 481 U.S. 739, 745 (1987)); *Ams. for Prosperity Found. v. Bonta*, 594 U.S. 595, 615 (2021) (alterations in original)).

10. But even if the law’s prohibitions could be constitutionally applied to some individuals and entities—like those actually charging unreasonable fees, misrepresenting services, or guaranteeing outcomes—it could not be so applied to consultants like VBG and Veterans Guardian that are committed to scrupulous, transparent, and effective practices that veterans like the Veteran Plaintiffs seek.

11. SB 694 not only tramples longstanding free-speech protections, but also impedes Congress’s policy choices. In 2006, Congress repealed a federal prohibition on paid claims assistance and the accompanying penalties that had applied. Ignoring that congressional action, SB 694 creates state law penalties for services that Congress decided not to bar. By effectively reviving a blanket prohibition that Congress chose to eliminate and reinstating sanctions Congress chose to remove, SB 694 stands as an obstacle to the full purposes and objectives of Congress, in violation of the Supremacy Clause.

12. This Court should accordingly issue a declaratory judgment holding SB 694 unconstitutional, preliminary and permanent injunctions preventing enforcement of the law, and all other appropriate relief.

PARTIES

A. Plaintiffs

13. Plaintiff VBG provides advice and assistance to veterans concerning claims for the VA disability benefits for which they qualify as a result of their honorable service to the nation. VBG is a Nevada limited liability company with its headquarters in Las Vegas, Nevada, and its regional office in Chula Vista, California.

14. Plaintiff Veterans Guardian provides advice and assistance to veterans concerning claims for the VA disability benefits for which they qualify as a result of their honorable service to the nation. Veterans Guardian is a North Carolina limited liability company with a principal place of business in Pinehurst, North Carolina, and provides services to veterans across the country, including in California.

15. Plaintiff Duane Svoboda is an Army veteran. He lives in Lancaster, California. Duane Svoboda is a client of Veterans Guardian who believes he is entitled to an increase in disability benefits. Because of SB 694, Duane Svoboda is unable to utilize Veterans Guardian's full services.

16. Plaintiff Jonathan Svoboda is a Navy veteran. He lives in San Diego, California. Jonathan Svoboda heard about Veterans Guardian's excellent services from his father, Duane Svoboda, and wants its advice and assistance concerning a claim for increased disability benefits. Because of SB 694, however, Veterans Guardian is unable to help him.

B. Defendant

17. Defendant Rob Bonta is the Attorney General of California. He is the State's chief law enforcement officer, and he and his subordinates have the authority to enforce and investigate alleged violations of California's CLRA and CMVC. *See* Cal. Const. art. V, § 13. Accordingly, Defendant is responsible for enforcing SB 694. Defendant is headquartered at 1300 "I" Street, Sacramento, CA 95814-2919. Defendant is acting under color of State law for purposes of 42 U.S.C. § 1983 and is sued in his official capacity.

JURISDICTION AND VENUE

18. This Court has original jurisdiction under 28 U.S.C. §§ 1331 and 1343 because the case arises under the First Amendment to the United States Constitution and 42 U.S.C. § 1983.

19. An actual, present, and justiciable controversy exists between the parties within the meaning of 28 U.S.C. § 2201(a). This Court has authority to grant

1 declaratory relief, injunctive relief, and other relief under both the Declaratory
2 Judgment Act, 28 U.S.C. §§ 2201, 2202, and the Court's equitable powers.

3 20. This Court also has inherent equitable powers to enjoin the actions of
4 state officials that contradict the federal Constitution or federal law. *See, e.g., Ex*
5 *parte Young*, 209 U.S. 123, 159–60 (1908).

6 21. Venue in this district is proper pursuant to 28 U.S.C. §§ 1391(b)(1) and
7 (b)(2), because Defendant performs his duties and thus resides in this District, and
8 because a substantial part of the events giving rise to the claims occurred in this
9 District.

10 **FACTUAL ALLEGATIONS**

11 **A. The Veterans Disability Benefits Claims Process**

12 22. Veterans left disabled by their military service may qualify to receive
13 benefits from the federal government. Among other things, to obtain those benefits,
14 veterans must submit a claim to the VA, detailing their service-connected disability.
15 To establish a service connection, the veteran must submit documentation supporting
16 the following three elements: (1) a current diagnosis; (2) an in-service event, injury,
17 or illness; and (3) a medical nexus between the current diagnosis and the in-service
18 event, injury, or illness.

19 23. Where a veteran suffers from certain conditions, the VA generally
20 assumes that the condition was caused by service and therefore the veteran need not
21 prove causation. If a veteran's condition is not a presumptive condition, evidence
22 must connect the diagnosis and severity of the condition to the veteran's service.

23 24. Under the VA's traditional claims process, the VA reviews the veteran's
24 claim and typically engages in a lengthy evidence-gathering phase during which time
25 the VA may request private treatment records or other materials and information from
26 the veteran, gather military records, and schedule disability compensation
27 examinations.

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25. A veteran can attempt to obtain a faster decision from the VA through the VA's Fully Developed Claims ("FDC") program. In the FDC program, the onus is on the veteran to gather all evidence and supporting documentation, including medical records, personnel records, support letters, etc., in lieu of the VA engaging in its traditional evidence gathering phase. Preparing such a claim requires not only knowledge of the documentation needed to support the claim, but also informed judgment about how best to establish service connection and present the facts in a coherent and specific manner.

26. After the VA reviews the claim and evidence, it will determine whether the veteran's claim satisfies the three service connection elements. If so, the VA conducts an evaluation for each disability, assigning a rating from 0% to 100%, in 10% increments, based on the severity of the veteran's disability.¹ Thereafter, the VA determines the monetary amount conferred in relation to that rating based on additional factors, including the status of the veteran's dependents and the effective date for benefits, which can vary based on the facts of the claim. *See generally* 38 C.F.R. § 3.1 *et seq.*; 38 C.F.R. § 4.1 *et seq.*

27. The VA then prepares a decision letter explaining the reasoning for each determination.

28. A veteran who disagrees with the decision may appeal the determination to the Board of Veterans' Appeals, request a higher-level review of the claim, or file a supplemental claim with new and relevant evidence. *See generally* 38 C.F.R. § 3.2500.

29. A veteran can also file a claim for increased disability compensation if his or her condition(s) has worsened.

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¹ U.S. DEPT. OF VETERANS AFFAIRS, VETERANS BENEFITS ADMINISTRATION REPORTS, *Annual Benefits Report for Fiscal Year 2024*, at 69, available at <https://www.benefits.va.gov/REPORTS/abr/docs/2024-abr.pdf>.

B. Importance Of Veterans' Choice In Preparing Claims

30. Although veterans may prepare claims without assistance, many want help in facing the complicated and overwhelming process. Without support from someone with in-depth knowledge of how the claims process works and experience navigating it, veterans can find pursuing their claims successfully to be very challenging.

31. One option is for veterans to seek assistance at no charge from accredited veteran service organizations ("VSOs"). When a veteran agrees to work with a VSO, the VSO serves as the veteran's representative to the VA, interacting with the VA on behalf of the veteran. Like other free assistance programs, however, VSOs are often understaffed and overwhelmed with high caseloads, resulting in delayed, inconsistent, or ineffective results. For the approximately 1.5 million veterans living in California,² there are only about 540 VSO representatives.³ It is estimated that there are currently over 626,785 pending claims by veterans seeking disability benefits.⁴

32. Assembly Member Lashae Sharp-Collins testified before the Assembly about how although "some county VSOs are operational, many are not," resulting in them "sending veterans to untrained volunteers to have their claims processed."⁵ She went on to recognize that "VSOs are facing major backlogs in California and often are requiring veterans to wait years to receive their benefits."⁶

² *Veterans Services/Benefits*, CALVET, available at:

<https://www.calvet.ca.gov/veteran-services-benefits> (last visited Aug. 16, 2026).

³ *Accreditation Search*, U.S. DEP'T OF VETERANS, available at:

<https://www.va.gov/ogc/apps/accreditation/>.

⁴ *Veterans Benefits Administration Reports, Claims Inventory: Data as of 8/8/26*, https://www.benefits.va.gov/reports/mmwr_va_claims_inventory.asp (last visited Aug. 16, 2026).

⁵ Test. of Assemb. Lashae Sharp-Collins on the Assemb. Floor (Sept. 4, 2025), available at: <https://calmatters.digitaldemocracy.org/hearings/278239#t=27&f=c572ce35ec2749df6164213a99f256af> ("Sept. 4, 2025 Assemb. Floor Tr.").

⁶ *Id.*

33. Veterans can also choose to work with an accredited agent or attorney. Like VSOs, agents and attorneys represent the veteran before the VA based on an executed power of attorney that expresses the parties' mutual assent to such representation. Unlike VSOs, accredited agents and attorneys may be compensated. However, their claims-related compensation depends exclusively on increases to a veteran's benefits that are obtained on appeal *after* the VA issues its initial decision. 38 U.S.C. § 5904(c)(1). In other words, a veteran cannot pay an accredited agent or attorney to help with a claim unless he or she first receives an unfavorable decision. Accordingly, accredited agents and attorneys have no direct monetary incentive to provide robust assistance with respect to a veteran's initial claim. Indeed, veterans frequently report difficulty obtaining adequate assistance from accredited agents or attorneys.

34. Moreover, if the veteran achieves a positive result on appeal—typically years later—the agent or attorney is entitled to a substantial percentage of the backpay owed to the veteran beginning on the date the initial claim was filed. The longer an appeal takes, the more backpay the veteran will be owed and the more the agent or attorney will earn from that backpay. Hence, accredited agents and attorneys often have a pecuniary interest in an extended appeals process.

35. Given the practical limitations on those options, many veterans seek valuable advice and assistance from private consulting organizations, like Plaintiffs VBG and Veterans Guardian. Unlike VSOs and accredited agents and attorneys, these companies do not represent the veterans before the VA or engage directly with the VA on behalf of the veterans in any material respect. Rather, the veterans retain control of their claims; VBG and Veterans Guardian consult with the veterans on how best to prepare their own claims packets, which the veterans submit to the VA themselves. A veteran that chooses to work with one of these companies agrees to pay it a reasonable and transparent fee if the veteran obtains an increase in disability

1 benefits as a result of the advice and assistance the veteran obtained from the
2 company.

3 36. Duane Svoboda received advice and assistance from Veterans Guardian
4 that he found to be prompt, individualized, and effective. Before Veterans Guardian
5 worked with Duane Svoboda, the company clearly communicated the scope of its
6 non-representative consulting services and its transparent fee arrangement, and
7 Duane Svoboda agreed to receive Veterans Guardian's professional services with full
8 knowledge of the available free alternatives. At no point did Veterans Guardian ever
9 interact with the VA on behalf of Duane Svoboda, who submitted his own claim to
10 the VA himself. Thanks to Veterans Guardian's advice and assistance, Duane
11 Svoboda was able to increase his disability rating and monthly disability benefit
12 payments. He was happy to pay Veterans Guardian a fee that he deems to be fair and
13 reasonable.

14 **C. Existing Federal Law**

15 37. Federal law tracks these three types of claims assistance.

16 38. First, Congress permits representatives of VSOs to act on behalf of
17 veterans in the claims process. 38 U.S.C. § 5902. The VSO representative must file
18 a power of attorney in connection with each representation and may not charge a fee.
19 *Id.*; see 38 C.F.R. § 14.631(a) (requiring executed VA Form 21-22, "Appointment of
20 Veterans Service Organization as Claimant's Representative"). The VSO
21 representative may access the veteran's VA account, obtain information and
22 materials directly from the VA on behalf of the veteran, sign documents on the
23 veteran's behalf, receive the VA's determination on a claim, and otherwise directly
24 represent the veteran before the VA. The Secretary is also authorized to recognize
25 individuals for one-time representation under the same general parameters. 38
26 U.S.C. § 5903(a)(1); see 38 C.F.R. § 14.630.

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39. Second, Congress authorizes the Secretary of Veterans Affairs to “recognize any individual as an agent or attorney” to “practice before the Department” on behalf of veterans in the claim process. 38 U.S.C. § 5904(a)(1), (b).

40. The agent or attorney “provide[s] representation” of the veteran pursuant to an executed “Appointment of Attorney or Agent as Claimant’s Representative” form (VA Form 21-22a), which is effectively a power of attorney that must be submitted to the VA. 38 C.F.R. § 14.631(a); 38 U.S.C. § 5904(a). Like a VSO representative, the accredited agent or attorney may access the veteran’s VA account, obtain information and materials directly from the VA on behalf of the veteran, sign documents on the veteran’s behalf, receive the VA’s determination on a claim, and otherwise directly represent the veteran before the VA. “[A]ll transactions concerning the claim will be conducted exclusively with the . . . [VSO] representative, agent, or attorney of record until notice of a change, if any, is received by the appropriate office of VA.” 38 C.F.R. § 14.631(e)(1).

41. An accredited agent or attorney is generally prohibited from charging fees for services rendered prior to a notice of an initial decision by the VA. 38 U.S.C. § 5904(c)(1). The accredited agent or attorney may, however, charge fees after the VA issues an initial decision, based on the percentage of the backpay owed to the veteran, with no monetary caps. 38 U.S.C. § 5904; 38 C.F.R. § 14.637. Generally, fees that do “not exceed 20 percent of the past due amount of benefits awarded on a claim” are presumed reasonable, while fees exceeding 33• % are presumed unreasonable. 38 U.S.C. § 5904(a)(5); 38 C.F.R. § 14.636(f)(1)–(2). The agent or attorney may enter into an agreement with the veteran “providing that payment for the services of the agent or attorney will be made directly to the agent or attorney by VA out of any past-due benefits awarded.” 38 C.F.R. § 14.636(h)(1).

42. Third, there is no federal bar on claims assistance outside the representative services provided by VSO representatives, agents, and attorneys.

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43. That was not always the case: Until 2006, federal law prohibited and penalized anyone from “directly or indirectly solicit[ing], contract[ing] for, charg[ing], or receiv[ing], or attempt[ing] to solicit, contract for, charge, or receive, any fee or compensation except as provided in section[] 5904” or face a fine or imprisonment of up to a year, or both. 38 U.S.C. § 5905 (1991).

44. In 2006, however, Congress repealed the part of Section 5905 that broadly prohibited compensation for claims assistance outside of Section 5904. Pub. L. 109-461, § 101(g), 120 Stat. 3408 (2006). Consequently, federal law no longer criminalizes anyone for assisting veterans with a claim or charging a fee for doing so. And post-amendment, federal law includes no blanket proscription against unaccredited individuals and entities charging for advising and assisting veterans with their own claims for benefits.

45. What remains, then, is only a statutory prohibition on claims assistance as it pertains to the representative services of agents and attorneys: “[N]o individual may *act as an agent or attorney* in the preparation, presentation, or prosecution of any claim under laws administered by the Secretary unless such individual has been recognized for such purposes by the Secretary.” 38 U.S.C. § 5901(a) (emphasis added); *id.* § 5904(c)(1) (“[I]n connection with a proceeding before the Department with respect to benefits under laws administered by the Secretary, a fee may not be charged, allowed, or paid *for services of agents and attorneys* with respect to services provided before the date on which a claimant is provided notice of the agency of original jurisdiction’s initial decision[.]” (emphasis added)). The Secretary’s regulations echo that limited ban on unaccredited representative services, providing that “[n]o individual may assist claimants in the preparation, presentation, and prosecution of claims for VA benefits *as an agent or attorney* unless he or she has first been accredited by VA for such purposes.” 38 C.F.R. § 14.629(b)(1) (emphasis added).

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D. The Consulting Plaintiffs’ Long-Running Service To Veterans In California

1. Plaintiff VBG’s services

46. Plaintiff VBG was founded by Josh Smith, a veteran of the United States Marine Corps and former Rating Veterans Service Representative (“RVSR” or “Rater”) for the VA adjudicating disability compensation benefit claims. As a Rater, Smith witnessed firsthand veterans being awarded less benefits than they may have been entitled to or completely denied all benefits as a result of the significant flaws in the disability evaluation process.

47. Armed with the training and experience of a Rater, Smith developed a more efficient process to help veterans in their efforts to obtain the benefits to which they are entitled.

48. For more than 10 years, VBG has advised and assisted veterans seeking to navigate the complicated VA disability benefits process. To date, VBG has helped more than 55,000 veterans in numerous states, including in California, receive the benefits they deserve and are owed—benefits that often would have gone unrealized had these veterans not had the support VBG provides.

49. In the last five years alone, VBG assisted approximately 12,800 California veterans with obtaining disability benefits from the VA.

50. VBG supports veterans with the preparation of claims for disability benefits, including by advising, consulting, and strategizing with the veteran about their claim. VBG communicates with its veteran clients to fully understand their conditions and whether they have changed, how their conditions are connected to their service, and how their conditions have impacted their lives. These discussions allow VBG to advise its veteran clients on developing a narrative that fulsomely explains their experiences to ensure their claims are well-positioned for success.

51. VBG also assists its veteran clients with identifying, gathering, and annotating relevant medical evidence, and, if necessary, providing advice to prepare

1 them for an examination from an independent third-party medical professional that
2 partners with VBG. VBG then reviews the materials for completeness and
3 sufficiency, ensuring that the veteran submits a FDC that requires no additional
4 development by the VA. This expedites the claim substantially through the VA's
5 process where only adjudication is required, often enabling the veteran to obtain a
6 favorable decision quickly.

7 52. For its services, VBG receives a fee only if its veteran client obtains a
8 favorable decision from the VA that increases the monthly amount received by the
9 veteran. No fees are charged if a veteran client does not obtain an increase in their
10 benefits after using VBG's services.

11 53. VBG's primary fee structure consists of the lesser of \$12,500 or 4–5
12 times (depending on the stage in the claims process the veteran is in) the increased
13 monthly compensation amount. VBG's fees are not contingent on or calculated
14 based on whether a veteran receives backpay.

15 54. VBG is transparent about all aspects of its services. Before VBG
16 renders any services, VBG and its veteran clients enter into a written service
17 agreement, which details the scope of VBG's services, VBG's fee structure, and the
18 parties' respective duties and responsibilities, among others.

19 55. VBG's written service agreement expressly states that VBG has no
20 affiliation with the VA or any VSO and informs the veteran that they can seek free
21 assistance from accredited agents and attorneys or a VSO:

22 [1(c)] **No Affiliations.** Client understands that VBG is not
23 sponsored by or affiliated with the VA or any state VA or
federally chartered veteran's service organization. ...

24 [6(i)(i)] Client understands that VBG is a private entity, is
25 not accredited by the VA and is not in any way affiliated
26 with any government agencies including, without
27 limitation, the Department of Veterans Affairs. If Client
28 prefers, Client may seek representation from the VA,
accredited agents and attorneys or a VSO for initial claims
at no cost.

1 56. VBG does not act as an “agent or attorney” in performing its services
2 for veterans, as expressed in its written service agreement:

3 [6(g)] **No Agency Relationship.** Nothing in this
4 Agreement creates an agency relationship between the
5 Parties. The terms of this Agreement require that Client file
6 their own claim with the VA and that at no time, is VBG
7 representing the Client in any matter before the VA. VBG’s
8 Services are limited specifically to providing advice and
9 counseling as well as linking Client with a Medical Service
10 Provider that will conduct a medical examination in
11 conjunction with Client’s disability claim.

12 [6(i)] **Service Disclosures.** VBG is not a law firm, nor is
13 VBG licensed to practice law in any jurisdiction. Verbal or
14 written discussions between Client and VBG may
15 implicate legal issues and procedures but such discussions
16 and communications are understood by Client as VBG’s
17 opinion(s), notification of factor(s), and/or fact(s) to
18 consider. VBG does not and cannot offer legal advice or
19 legal assistance to Client. Client is urged to seek legal
20 advice from an experienced Attorney if Client requires
21 assistance with a legal issue.

22 57. VBG requires every new client to sign, in addition to the written service
23 agreement, a separate one-page document to acknowledge the availability of free
24 services and the option to navigate the claims process on one’s own. The document
25 further states that VBG is not an accredited agent or attorney, and that VBG only
26 charges a fee if its client obtains an increase in disability benefits as a result of its
27 assistance.

28 58. In short, VBG serves as an advisor and consultant to veterans as they
navigate the claims process. VBG does not file claims or engage with the VA on its
clients’ behalf, and does not represent its clients before the agency. Accordingly,
VBG does not “act as an agent or attorney” under federal law. 38 U.S.C. § 5901(a).

2. *Plaintiff Veterans Guardian’s services*

59. Plaintiff Veterans Guardian was founded in 2017 by U.S. Army veterans
Scott Greenblatt and William Taylor, after they personally experienced the
difficulties and challenges of submitting a claim through the VA’s disability benefits

1 process and witnessed similar difficulties and challenges when colleagues sought VA
2 disability benefits.

3 60. Veterans Guardian was founded specifically to support veterans. It is
4 staffed primarily by veterans, their family members, and spouses of active-duty
5 military members.

6 61. Veterans Guardian operates with the mission of helping veterans
7 achieve the disability rating for which they qualify based on their honorable service
8 to the nation. It fulfills that mission by providing high-quality services to veterans
9 pursuing VA disability claims.

10 62. Approximately 70% of Veterans Guardian clients used a free claims-
11 assistance service before deciding to seek assistance from Veterans Guardian.

12 63. Since its inception, Veterans Guardian has helped over 95,000 veterans
13 increase their disability benefits, with an average benefits increase of \$1,000 per
14 month. Nearly 90% of Veterans Guardian's clients achieve an increase in benefits
15 within approximately 85 days.

16 64. Veterans Guardian has assisted over 6,500 California veterans to obtain
17 disability benefits from the VA.

18 65. Veterans Guardian's record of success is due to the skill, expertise, and
19 passion the Company brings to its work. Veterans Guardian's disability claims
20 specialists receive extensive training on the VA disability claims process. Individual
21 specialists assist clients in developing claims by, among other things, forming claim
22 strategies with clients based on information communicated by the clients, helping
23 identify relevant supporting materials and explaining to clients the significance of
24 those documents, and drafting individual-specific narratives and other materials for
25 the clients' consideration and approval.

26 66. Veterans Guardian is transparent about all aspects of its services.

27 67. Before rendering services, Veterans Guardian enters into a Consulting
28 Service Agreement ("CSA") with each of its clients. That agreement makes clear

1 that Veterans Guardian is not a VA-accredited agent and is not the client's
2 representative before the VA. Additionally, on the first page of the CSA, Veterans
3 Guardian discloses that free services are available to support veterans submitting
4 claims for VA disability benefits and that clients can achieve a positive outcome with
5 those free services.

6 68. Veterans Guardian requires every new client to sign, in addition to the
7 CSA, a separate one-page document to acknowledge the availability of free services
8 and the option to navigate the claims process on one's own. The document further
9 states that either of those options can be successful, that Veterans Guardian is not an
10 accredited agent or attorney, and that the Company only charges a fee if its client
11 obtains an increase in disability benefits as a result of its assistance.

12 69. Veterans Guardian's compensation for its consulting services is also
13 fully disclosed. In the CSA, Veterans Guardian explains that, if the client is awarded
14 an increase in disability pay, the client agrees to pay a one-time fee that is the
15 difference between the monthly amount of benefits received pre-claim and the
16 monthly amount the veteran will receive post-claim, multiplied by five. Successful
17 clients will receive increased benefits every month for the rest of their lives—
18 Veterans Guardian's fee is equivalent to just five of those monthly increases. The
19 client may elect to pay the fee in one lump sum at a 10% discount or on a five- or
20 ten-month schedule, or may elect a custom payment option with no interest or
21 additional fees. If the veteran does not achieve higher benefits (even if there is an
22 increase in disability rating), Veterans Guardian does not accept any fee from the
23 veteran.

24 70. In short, Veterans Guardian serves as an advisor and consultant to
25 veterans who choose to use its professional services with full knowledge of the scope
26 of its services, the fee it charges, and the availability of no-fee alternatives. Veterans
27 Guardian does not file claims for its clients, does not engage with the VA on its
28 clients' behalf, and does not otherwise represent its clients before the agency.

1 **3. *The Veteran Plaintiffs***

2 **a. Duane Svoboda**

3 71. Plaintiff Duane Svoboda is a veteran of the U.S. Army. He currently
4 lives in Lancaster, California. After suffering service-related health conditions, he
5 sought VA disability benefits but struggled to navigate the claims process on his own.
6 He received a 10% disability rating and was unsuccessful in obtaining additional
7 benefits through subsequent efforts.

8 72. Duane received assistance from the Veterans of Foreign Wars
9 (“VFW”)—a VSO—and from an accredited attorney or agent, but found those
10 options difficult to access, unresponsive, and ineffective in helping him pursue the
11 full benefits to which he believed he was entitled. For example, after the VFW
12 service officer who had represented him moved to a different location, Duane was
13 told that there were no other VFW officers available to assist him within a (70) mile
14 radius of his home.

15 73. The accredited agent or attorney charged Duane Svoboda a substantial
16 fee. Although Duane’s disability rating increased as a result of the claim that
17 representative filed on his behalf, he did not receive the rise in monthly disability
18 benefits to which he believes he is entitled based on his service-connected medical
19 conditions. The accredited representative indicated that he had a heavy caseload and
20 showed limited interest in assisting Duane to obtain those increased benefits in an
21 efficient and effective way.

22 74. In 2025, after friends recommended Veterans Guardian based on their
23 positive experiences, Duane sought advice and assistance from Veterans Guardian.
24 Before Duane agreed to work with Veterans Guardian, Veterans Guardian clearly
25 explained its services, fee structure, and the availability of free alternatives, including
26 free assistance from VSOs. Veterans Guardian also informed Duane that it was not
27 affiliated with the VA or any VSO, did not guarantee any particular outcome, and
28

1 would not represent him before the VA. Duane understood those disclosures and
2 voluntarily chose to retain Veterans Guardian's consulting services.

3 75. Duane found Veterans Guardian to be immediately responsive, prompt,
4 and professional. Veterans Guardian explained the claims process in an
5 understandable way, communicated with him about his military service experiences
6 and his medical conditions, discussed strategies for helping him to better demonstrate
7 connections between his military service and his medical conditions, helped him to
8 identify information relevant to his claims, and coordinated with Duane in drafting
9 materials that he personally reviewed and approved. At no point did Veterans
10 Guardian act as Duane's agent or attorney. Duane submitted his claim to the VA
11 himself.

12 76. As a result of the advice and assistance Duane received from Veterans
13 Guardian, his combined disability rating increased from 80% to 90%, resulting in
14 thousands of dollars in additional annual VA benefits. Duane was satisfied with
15 Veterans Guardian's services and considered its fee reasonable in light of the
16 valuable advice and assistance provided and the benefits he obtained. Duane paid
17 Veterans Guardian less than he paid the accredited agent or attorney who had
18 previously represented him, and in Duane's view, Veterans Guardian provided
19 superior services.

20 77. Because of that experience, Duane would like to continue receiving
21 Veterans Guardian's advice and assistance on a claim for additional benefits, and he
22 has recommended Veterans Guardian to friends and family, including his son. But
23 SB 694 prohibits Veterans Guardian from receiving compensation for the services it
24 provides in California, preventing Duane and other veterans (including his son) from
25 obtaining the same advice and assistance that he found valuable.

26 78. After SB 694's enactment, Duane sought help from a county VSO but
27 experienced delays, limited availability, and a lack of follow-through. In his
28

1 experience, Veterans Guardian provides a level of responsive, individualized, and
2 effective assistance that alternative providers do not typically provide.

3 **b. Jonathan Svoboda**

4 79. Plaintiff Jonathan Svoboda is a veteran of the U.S. Navy. He currently
5 lives in San Diego, California. As a result of his military service, Jonathan developed
6 significant physical and mental health conditions. He initially sought VA disability
7 benefits with the limited assistance that the military provides to service members
8 when transitioning out of the military. Although he obtained a 70% disability rating,
9 he believes he is entitled to a higher disability rating and increased monthly benefits
10 given the severity of his service-connected conditions.

11 80. Jonathan considered pursuing additional benefits on his own but found
12 the VA claims process confusing and difficult to navigate. He sought assistance from
13 two VSOs in his area, but found them unable to provide meaningful support. In
14 Jonathan's experience, the VSOs were overwhelmed with demand, their
15 communications were infrequent, they often took months to respond to his
16 straightforward inquiries, and they provided little individualized guidance. Because
17 of those difficulties, Jonathan did not ultimately file claims through the VSOs and
18 was left frustrated in his efforts to pursue the benefits to which he feels he is entitled.

19 81. Through conversations with other veterans, Jonathan has learned that
20 his experience is not unique. Other veterans have reported similar difficulties
21 obtaining timely and individualized assistance from VSOs, reinforcing Jonathan's
22 belief that many free sources of claims assistance lack the resources and staffing
23 necessary to provide effective support to all veterans seeking help with the disability
24 claims.

25 82. While searching for alternatives, Jonathan learned about Veterans
26 Guardian through his father, Plaintiff Duane Svoboda. Duane recommended
27 Veterans Guardian after personally receiving advice and assistance from the
28 company that helped him successfully increase his VA disability rating. Based on

1 his father's positive experience and recommendation, Jonathan concluded that
2 Veterans Guardian offers the kind of responsive, individualized, and effective
3 assistance that he had been unable to obtain elsewhere.

4 83. Jonathan wishes to retain Veterans Guardian to advise and assist him on
5 a claim to increase his disability rating and benefits from the VA. He understands
6 Veterans Guardian's fee structure and would willingly pay that fee, which he
7 considered to be reasonable. But before Jonathan could begin receiving services
8 from Veterans Guardian, California enacted SB 694, and as a result Veterans
9 Guardian stopped accepting new California clients.

10 84. As a result of SB 694, Jonathan is unable to receive the consulting
11 services he wants to receive from Veterans Guardian and is effectively limited to
12 seeking assistance from the same categories of providers that he previously found
13 unable to provide timely, individualized, and effective support.

14 **E. The Veteran Population In California**

15 85. According to the most recent available Veterans Benefits
16 Administration ("VBA") Annual Benefits Report for Fiscal Year 2024 (the
17 "Report"), the estimated total veteran population is 17,921,241, with 5,992,967
18 receiving disability benefits.⁷

19 86. The estimated total veteran population in California is 1,426,860, with
20 only 474,487 veterans receiving disability benefits at the end of the fiscal year 2024.⁸

21 87. In 2022, there were "90 VA-recognized VSOs and 7,650 accredited
22 VSO Representatives," and only 6,325 accredited attorneys and 473 accredited
23 claims agents across the country.⁹ According to the VA's database, for the
24

25 ⁷ U.S. DEPT. OF VETERANS AFFAIRS, VETERANS BENEFITS ADMINISTRATION REPORTS,
26 *Annual Benefits Report for Fiscal Year 2024*, at 13 (2024), available at:
<https://www.benefits.va.gov/REPORTS/abr/docs/2024-abr.pdf>.

27 ⁸ *Id.* at 18.

28 ⁹ Statement of Richard J. Hipolit Deputy General Counsel for Veterans Programs
Department of Veterans Affairs (VA) Before the Subcommittees on Disability

1 approximately 1,426,000 veterans in California today, there are only around 540
2 VSO accredited representatives, around 400 accredited attorneys, and around 45
3 accredited claims agents.¹⁰

4 88. Consequently, there is about 1 accredited person (representative, agent,
5 or attorney) per 1,240 veterans nationally, and about 1 accredited person
6 (representative, agent, or attorney) per 1,447 veterans in California.

7 89. From January 1, 2023, to December 31, 2025, the average number of
8 days it took to complete the higher-level review (“HLR”) Process (while veterans
9 protected their effective date) was approximately 200 days—with approximately 100
10 days attributable to veterans and approximately 90 days attributable to the VA.¹¹

11 90. From January 1, 2023 to December 31, 2025, the average number of
12 days it took to complete the Supplemental Claim Process (while veterans protected
13 their effective date) was approximately 235 days, with veterans averaging about 119
14 days for their part of the process and with the VA averaging about 115 days.¹²

15 91. In 2025, 12.4% of claims in the HLR Process were overturned in whole
16 or in part and 33.5% of the claims in the HLR Process were returned for correction
17 of an error.¹³

18 ///

19 _____
20 Assistance and Memorial Affairs and Oversight and Investigations of the Comm. on
21 Veterans’ Affairs U.S. House of Representatives on the VA Accreditation, Discipline
22 and Fees Program, at 2 (Apr. 27, 2022), *available at*:
[https://docs.house.gov/meetings/VR/VR09/20220427/114660/HHRG-117-VR09-](https://docs.house.gov/meetings/VR/VR09/20220427/114660/HHRG-117-VR09-Wstate-HipolitR-20220427-)

23 [https://docs.house.gov/meetings/VR/VR09/20220427/114660/HHRG-117-VR09-](https://docs.house.gov/meetings/VR/VR09/20220427/114660/HHRG-117-VR09-Wstate-HipolitR-20220427-U1.pdf#:~:text=There%20are%20currently%2090%20VA%2Drecognized%20VSO%20and,473%20accredited%20claims%20agents.%20Monitoring%20and%20Outreach)
24 [U1.pdf#:~:text=There%20are%20currently%2090%20VA%2Drecognized%20VSO](https://docs.house.gov/meetings/VR/VR09/20220427/114660/HHRG-117-VR09-Wstate-HipolitR-20220427-U1.pdf#:~:text=There%20are%20currently%2090%20VA%2Drecognized%20VSO%20and,473%20accredited%20claims%20agents.%20Monitoring%20and%20Outreach)
25 [s%20and,473%20accredited%20claims%20agents.%20Monitoring%20and%20Out](https://docs.house.gov/meetings/VR/VR09/20220427/114660/HHRG-117-VR09-Wstate-HipolitR-20220427-U1.pdf#:~:text=There%20are%20currently%2090%20VA%2Drecognized%20VSO%20and,473%20accredited%20claims%20agents.%20Monitoring%20and%20Outreach)
26 [reach \(“Apr. 27, 2022 VA Subcomm. Tr.”\).](https://docs.house.gov/meetings/VR/VR09/20220427/114660/HHRG-117-VR09-Wstate-HipolitR-20220427-U1.pdf#:~:text=There%20are%20currently%2090%20VA%2Drecognized%20VSO%20and,473%20accredited%20claims%20agents.%20Monitoring%20and%20Outreach)

27 ¹⁰ *Accreditation Search*, U.S. DEP’T OF VETERANS, *available at*:
<https://www.va.gov/ogc/apps/accreditation/>.

28 ¹¹ See Veterans Benefits Administration Reports (Jan. 2026 AMA Metrics Reports),
available at: <https://www.benefits.va.gov/REPORTS/ama/>.

¹² *Id.*

¹³ *Id.*

F. The Enactment Of SB 694

92. In February 2025, lead authors California Senators Bob Archuleta and Sabrina Cervantes, along with co-authors Assembly Members Pilar Schiavo, Jeff Gonzalez, and Catherine Stefani (collectively, the “Authors”), introduced SB 694.

93. Defendant co-sponsored SB 694.

94. As reflected in the Assembly Committee on Military and Veterans Affairs’ hearing report, the purported purpose of SB 694 is to “strengthen[] California’s commitment to protecting veterans from exploitation in the federal VA claims process.”¹⁴

95. Because California and its counties “have invested in [County VSOs] who offer accredited, no-cost claims assistance,” SB 694 was also intended to “protect[] [that] investment and ensure[] veterans are not steered away from trusted, lawful services into the hands of unregulated actors.”¹⁵

96. The legislature made clear that it meant for SB 694 to impose penalties against unaccredited organizations in light of the removal of federal penalties in 2006. Specifically, the hearing report states that “[t]he removal of criminal penalties has made it difficult for the VA Office of General Counsel to enforce the law against unaccredited parties[.]”¹⁶

97. While seeking to punish all claims assistance, the legislature also recognized the complexity of the process to secure veteran benefits: “Filing for VA benefits involves a complex, highly technical process . . . The VA claims process is arduous, cumbersome, extensive, stressful, and time-consuming.”¹⁷

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¹⁴ Bill Analysis for SB 694, Assemb. Comm. on Military and Veterans Affairs, dated June 27, 2025, at 3, *available at*: https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202520260SB694#.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.* at 4.

98. Although the Authors and sponsors of SB 694 claimed it “brings state law in line with federal law” by providing that “the only charges someone may impose for assisting in the preparation, presentation, or prosecution of any claims before the VA are those that are allowed under federal law,”¹⁸ that characterization is incorrect. As discussed herein, SB 694 goes far beyond (and stands as an obstacle to) federal law by prohibiting and criminalizing services that Congress has expressly chosen to permit—namely, paid assistance that claims consultants provide to veterans without “acting as an agent or attorney.” 38 U.S.C. § 5901(a).

99. Governor Gavin Newsom signed SB 694 into law on February 10, 2026, and it becomes effective on January 1, 2027.

100. SB 694 amends Section 1770 of the California Civil Code, which is part of the CLRA, and Section 401 of the California Military and Veterans Code.

1. Amendment to the CLRA

101. Prior to SB 694’s enactment, the CLRA made it “unlawful” to “[c]harg[e] or receiv[e] an unreasonable fee to prepare, aid, or advise any prospective applicant, applicant, or recipient in the procurement, maintenance, or securing of public social services.” Cal. Civ. Code § 1770(a)(24)(A) (2025). “Public social services” included “activities and functions administered or supervised by the United States Department of Veterans Affairs or the California Department of Veterans Affairs involved in providing aid or services, or both, to veterans, including pension benefits.” *Id.* § 1770(a)(24)(B)(ii). “Unreasonable fee” was defined as “a fee that is exorbitant and disproportionate to the services performed,” as determined by the specific circumstances considering various factors. *Id.* § 1770(a)(24)(B)(iii).

102. SB 694 amends the CLRA to expand the definition of “unreasonable fee” to mean a fee that is “*either or both*”: (i) “[e]xorbitant and disproportionate to

¹⁸ Bill Analysis for SB 694, Assemb. Comm. on Judiciary, dated July 3, 2025, at 6, available at: https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202520260SB694# (emphasis added).

1 the services performed,” as determined by the specific circumstances considering
2 various factors; or (ii) “[c]harged with respect to federal veterans benefits that
3 exceeds the amount that could be charged for those services by an attorney or claims
4 agent accredited by the United States Department of Veterans Affairs.” Cal. Civ.
5 Code § 1770(a)(24)(B)(iii)(I)–(II) (2026) (emphasis added).

6 103. Because accredited agents and attorneys cannot charge fees for initial
7 claims (while charging substantial fees for appeals), 38 U.S.C. § 5904(c), this
8 amendment to the CLRA effectively bars claims consultants like Plaintiffs VBG and
9 Veterans Guardian from providing their services—even if the veterans who receive
10 a monthly increase in their benefits based on the companies’ advice and assistance
11 would otherwise be willing to pay a modest amount that would not be considered
12 exorbitant or disproportionate for the “prepar[ation], aid, or advi[c]e.” Cal. Civ.
13 Code § 1770(a)(24).

14 104. Once the amendment to the CLRA in SB 694 goes into effect,
15 consumers may bring civil actions (including claims for punitive damages and treble
16 damages in class actions) against anyone who charges or receives fees related to
17 assistance on initial claims. Cal. Civ. Code § 1780.

18 105. In addition, Defendant can seek to enforce SB 694 against the
19 Consulting Plaintiffs under California’s Unfair Competition Law (“UCL”), Cal. Bus.
20 & Prof. Code § 17200 *et seq.* The UCL prohibits “any unlawful, unfair or fraudulent
21 business act or practice.” *Id.* § 17200. The “unlawful” prong functions broadly,
22 permitting prosecutors to borrow violations of other statutes and use them as
23 predicates for UCL enforcement. *Gutierrez v. Carmax Auto Superstores Cal.*, 248
24 Cal. Rptr. 3d 61, 90 (Cal. Ct. App. 2018) (“[A] violation of the CLRA can serve as
25 the predicate for a UCL cause of action.”). Because the CLRA sets forth a proscribed
26 list of “unfair methods of competition and unfair or deceptive acts or practices ...
27 [that] are unlawful,” Cal. Civ. Code § 1770, any violation thereof constitutes an
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1 “unlawful” practice under the UCL and may therefore be enforced through a UCL
2 action brought by Defendant or his subordinates.

3 106. The law subjects VBG and Veterans Guardian to statewide injunctive
4 and monetary relief—including restitution and civil penalties—under the UCL. *See*
5 *Abbott Labs. v. Super. Ct.*, 9 Cal. 5th 642, 658, 664 (2020).

6 107. Consulting Plaintiffs face a credible and substantial threat of
7 prosecution of SB 694’s amendment to the CLRA. Because the UCL expressly
8 allows Defendant and other prosecutors under him to pursue any “unlawful” business
9 act or practice, including services that violate the CLRA, Defendant may file a UCL
10 action against the Consulting Plaintiffs seeking broad equitable remedies and
11 penalties based on any service that allegedly violates the amended CLRA.

12 108. Defendant and other prosecutors routinely invoke the UCL in consumer
13 protection cases as a primary enforcement tool, including for claims based on
14 violations of the CLRA. *See, e.g., People of the State of Cal. v. The Kraft Heinz Co.*,
15 Case No. CGC-25-631189, 2025 WL 3500474, Super. Ct. of Cal. San Francisco
16 Cnty. (Compl. filed on Dec. 2, 2025) (complaint filed by City Attorney alleging claim
17 under UCL based on conduct unlawful under CLRA); *People v. JTH Tax, Inc.*, 2007
18 WL 6695014, Case No. CGC-07-460778 (CA. Sup. Ct. Feb. 26, 2007), *aff’d*, 151
19 Cal. Rptr. 728 (Cal. Ct. App. 2013) (complaint filed by California Attorney General
20 alleging claims under the UCL based on a violation of Cal. Civ. Code § 1770(a)).

21 **2. Amendment to Section 401 of the CMVC**

22 109. SB 694 separately amends Section 401 of the CMVC to prohibit a
23 person from “directly or indirectly solicit[ing], contract[ing] for, charg[ing], or
24 receiv[ing], or attempt[ing] to solicit, contract for, charge, or receive, any fee or
25 compensation with respect to the preparation, presentation, or prosecution of any
26 claim for benefits under the laws administered by the United States Department of
27 Veterans Affairs,” “[e]xcept as provided in Sections 1984 and 5904 of Title 38 of the
28

1 United States Code.” Cal. Mil. & Vet. Code § 401(e) (2026). That language largely
2 mirrors the language that Congress repealed from federal law in 2006.

3 110. As construed by Defendant, Section 401, as amended, prohibits any
4 person who is not an accredited VSO representative, agent, or attorney from charging
5 or receiving any compensation for providing claims-related advice or assistance to
6 veterans.

7 111. A violation of this new provision carries criminal liability, “punishable
8 by imprisonment not to exceed one year or by a fine not to exceed one thousand
9 dollars (\$1,000), or both.” Cal. Mil. & Vet. Code § 401(h) (2026). A person who
10 runs afoul of the blanket prohibition is also “liable for actual damages, reasonable
11 attorney’s fees, and costs incurred by the injured party.” *Id.* § 401(g).

12 112. This enforcement mechanism creates a credible and substantial threat of
13 prosecution of SB 694’s amendments to Section 401 against the Consulting
14 Plaintiffs.

15 **G. Other States’ Competing Approaches To Regulating Claims**
16 **Assistance**

17 113. A handful of other states across the country have enacted statutes like
18 SB 694 that are aimed, at least in part, at eliminating claims-related advice and
19 assistance from unaccredited organizations. Those statutes are being challenged.

20 114. For example, in 2023, New Jersey enacted Senate Bill 3292, codified at
21 N.J. Stat. § 56:8-228, which makes it unlawful for any person to “receive
22 compensation for advising or assisting any individual with regard to any veterans
23 benefits matter, except as permitted under federal law,” and subject to a penalty of
24 not more than \$10,000 for the first offense. N.J. Stat. § 56:8-228(a)(1), (c); N.J. Stat.
25 § 56:8-13.

26 115. Veterans Guardian and two of its veteran clients challenged this statute
27 and sought a preliminary injunction before the United States District Court for the
28 District of New Jersey, Case No. 3:23-cv-20660, based on First Amendment grounds.

1 After the district court denied Veterans Guardian’s request for a preliminary
2 injunction, the Third Circuit vacated the ruling, finding that Veterans Guardian “is
3 likely engaged in speech, which New Jersey’s law burdens.” *Veterans Guardian VA*
4 *Claim Consulting, LLC v. Platkin*, 133 F.4th 213, 219 (3d Cir. 2025).

5 116. The Third Circuit recognized that “[p]rofessional services delivered by
6 speaking or writing are speech,” *id.* at 219 (citing *King v. Governor of N.J.*, 767 F.3d
7 216, 224–25 (3d Cir. 2014), *abrogated on other grounds by Nat’l Inst. of Fam. &*
8 *Life Advocs. v. Becerra (NIFLA)*, 585 U.S. 755 (2018)), and that Veterans Guardian
9 “delivers professional services by speaking and writing” when it “advises clients
10 about how to claim benefits: what disabilities to claim, what evidence to include, and
11 how to fill out forms,” *id.* The Third Circuit expressed “serious[] doubt that [New
12 Jersey’s law] is constitutional,” including “skeptical[sm]” that it “is tailored enough to
13 satisfy even intermediate scrutiny” given that “New Jersey could use less-restrictive
14 alternatives” to a complete ban. *Id.* at 222.

15 117. Maine’s similar statute, Me. Rev. Stat. tit. 37-B, § 12, is currently being
16 challenged by Veterans Guardian before the United States District Court for the
17 District of Maine, Case No. 1:24-cv-00290-LEW, based on First Amendment
18 grounds. That statute prohibits a person from “[r]eceiving compensation for
19 preparation, presentation or prosecution of, or advising, consulting or assisting an
20 individual with, a veterans’ benefits matter, except as permitted under federal law,”
21 a violation of which constitutes a violation of Maine’s Unfair Trade Practices Act.
22 Me. Rev. Stat. tit. 37-B, § 12(2)(A), (3).

23 118. Meanwhile, several states have enacted laws that, instead of barring
24 unaccredited persons from providing claims assistance, provide reasonable
25 consumer-protection guardrails on such assistance. *E.g.*, Virginia (Va. Code § 59.1-
26 614-616); Florida (S.B. 910, 2025 Leg., Reg. Sess. (Fla. 2025)); South Dakota (H.B.
27 1238, 2025 Leg., Reg. Sess. (S.D. 2025)); Tennessee (S.B. 362, 114th Gen. Assemb.,
28 1st Sess. (Tenn. 2025)); Oklahoma (H.B. 2836, 60th Leg., 1st Sess. (Okla. 2025));

1 North Carolina (S.B. 118, Gen. Assemb., Reg. Sess. (N.C. 2025)); Alabama (S.B.
2 206, 2025 Leg., Reg. Sess. (Ala. 2025)); Idaho (S.B. 1286, 2026 Sec. Reg. Sess.
3 (Idaho 2026)).

4 119. Many of those statutes permit advice and assistance from claims
5 consultants who are not accredited by the VA, but cap fees at the lesser of \$12,000
6 or five times the monthly increase in the veteran's benefits; prohibit claims
7 consultants from guaranteeing outcomes, gaining access to veterans' VA login
8 information, and employing medical providers; and require claims consultants to
9 disclose that free services are available from VSOs. These statutes differ
10 substantially from SB 694, which broadly prohibits (and punishes) all claims
11 assistance, even if the person is not acting as an agent or attorney or charging
12 exorbitant or disproportionate fees.

13 **H. The Impact Of SB 694 On The Consulting Plaintiffs And Their**
14 **Veteran Clients And Prospective Clients In California**

15 120. Since SB 694 was signed into law, VBG has been forced to wind down
16 its operations in California, thereby depriving California veterans of VBG's
17 important services of consulting, advising, and guiding through the complicated
18 claims process. Because VBG will be forced to close its office in California by the
19 end of 2026, it will no longer employ California residents, including California
20 veterans.

21 121. Similarly, Veterans Guardian has already had to stop accepting new
22 clients in California because the Company would face the risk of civil and criminal
23 penalties if it continued onboarding California veterans whose claims may not be
24 resolved until after SB 694 takes effect, given the time required for VA claims
25 adjudications. Although the company is providing limited assistance to certain
26 existing clients to avoid abandoning them mid-process, it cannot continue operating
27 its business model in California and risks not receiving compensation for its
28 professional consulting services.

1 122. Ultimately, once SB 694 becomes effective, the Consulting Plaintiffs
2 will be forced to close down their California operations in full.

3 123. Veterans Guardian expects to lose approximately \$5 million to \$6
4 million in annual revenue resulting from its inability to provide services to thousands
5 of California veterans who otherwise would have sought and received assistance
6 from Veterans Guardian.

7 124. Similarly, VBG expects to lose approximately \$10 million to \$11
8 million in annual revenue resulting from its inability to provide services to thousands
9 of California veterans who otherwise would have sought and received assistance
10 from VBG.

11 125. SB 694 severely limits the ability of California veterans, including the
12 Veteran Plaintiffs, to choose how to prepare and pursue their claims for VA disability
13 benefits. Veterans who would otherwise choose to receive Veterans Guardian's
14 consulting services are effectively forced either to proceed alone or to rely on
15 alternative providers that may lack the capacity or resources to provide the level of
16 individualized and effective assistance they seek.

17 126. Because of SB 694, veterans like the Veteran Plaintiffs are at risk of not
18 obtaining the benefits to which they are entitled, or of obtaining benefits much later
19 than they would if they were able to receive advice and assistance from a consultant
20 of their choosing. By preventing veterans from speaking and associating with the
21 consultant of their choice, SB 694 restricts veterans' ability to pursue VA disability
22 benefits through the means they believe are most effective.

23 **I. Plaintiffs Have Standing To Challenge SB 694**

24 127. "Article III of the U.S. Constitution confines federal courts to hearing
25 only 'cases' and 'controversies.'" *Barnum Timber Co. v. U.S. E.P.A.*, 633 F.3d 894,
26 897 (9th Cir. 2011).

27 128. "To establish 'the irreducible constitutional minimum of standing,'" a
28 plaintiff "must establish 'injury in fact, causation, and a likelihood that a favorable

1 decision will redress the plaintiff’s alleged injury.’” *Peace Ranch, LLC v. Bonta*, 93
2 F.4th 482, 486 (9th Cir. 2024) (citation omitted).

3 129. A plaintiff may allege a sufficient pre-enforcement injury if “the injury
4 is the anticipated enforcement of the challenged statute in the future.” *Id.* at 487. A
5 sufficient pre-enforcement injury to Plaintiffs exists here to establish standing with
6 respect to each claim.

7 130. First, the Consulting Plaintiffs have provided the services covered by
8 SB 694—consulting and advising veterans on the complicated claims process for a
9 reasonable fee—in California for years, and would continue doing so but for SB
10 694’s enactment. *Tingley v. Ferguson*, 47 F.4th 1055, 1068 (9th Cir. 2022) (“[W]e
11 do not require plaintiffs to specify ‘when, to whom, where, or under what
12 circumstances’ they plan to violate the law when they have already violated the law
13 in the past.” (citation omitted)), *abrogated on other grounds by Chiles v. Salazar*,
14 146 S. Ct. 1010 (2026).

15 131. Second, the paid services the Consulting Plaintiffs have provided to
16 California veterans—and that Consulting Plaintiffs would continue to provide in the
17 future, but for SB 694—are “‘arguably ... proscribed by [the] statute’ [they] wish[]
18 to challenge.” *Peace Ranch*, 93 F.4th at 489 (ellipses in original) (citation omitted).

19 132. Third, there can be no dispute that there is a “‘substantial threat’ of
20 enforcement” of SB 694 against VBG and Veterans Guardian once it goes into effect
21 given that its purpose is to outlaw and criminalize the paid advice and assistance the
22 Consulting Plaintiffs provide. *Peace Ranch*, 93 F.4th at 489 (citation omitted).
23 Defendant co-sponsored SB 694 and has publicly announced his intent to enforce it.¹⁹
24

25 ¹⁹ See, e.g., Press Release, Attorney General Bonta’s Sponsored Bill to Protect
26 Veterans, Backed by Veterans, Signed into Law, STATE OF CAL. DEPT. OF JUSTICE
27 (Feb. 10, 2026), available at: <https://oag.ca.gov/news/press-releases/attorney-general-bonta%E2%80%99s-sponsored-bill-protect-veterans-backed-veterans-signed> (“Today, I am proud to stand with a coalition of veterans organizations in
28 celebration of the signing of SB 694, legislation that continues our commitment to

1 One of the Authors of SB 694 has also confirmed that Defendant is “ready to go
2 after” unaccredited claims consultants by enforcing SB 694.²⁰

3 133. SB 694’s enactment and threat of enforcement causes that injury in fact
4 because the law renders Consulting Plaintiffs’ professional services illegal, and
5 provides enforcement mechanisms that Plaintiffs anticipate will be used against VBG
6 and Veterans Guardian. Indeed, that threat is causing Consulting Plaintiffs to suffer
7 a present injury because the looming enforcement of SB 694 has already forced the
8 companies to substantially limit the advice and assistance they provide to veterans.

9 134. A ruling declaring that Section 1770(a)(24) of the California Civil Code,
10 as amended by SB 694, and Section 401(e) of the California Military and Veterans
11 Code, as amended by SB 694, are unlawful and enjoining enforcement of those laws
12 would allow the Consulting Plaintiffs to once again provide the professional advice
13 and assistance that they have provided to veterans in California for many years and
14 that they currently provide to veterans in other states.

15 135. The Veteran Plaintiffs also have standing because they want to
16 communicate with VBG or Veterans Guardian about their claims for an increase in
17 benefits to which they believe they are entitled, and they want to receive VBG or
18 Veterans Guardian’s advice and assistance relating to those claims, but SB 694’s
19 passage prevents those exchanges—even now. SB 694 also limits the Veterans
20 Plaintiffs from associating with the people they would like to associate with to
21 develop a strategy for how best to seek their disability benefits. And as a result, SB
22 694 is also interfering with the Veteran Plaintiffs’ ability to petition the government
23 for a redress of grievance by restricting how they develop their own applications for
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26 vigorously protect those who have sacrificed so much to protect us[.]’” (quoting
27 Attorney General Bonta)).

28 ²⁰ Test. of Assemb. Pilar Schiavo before the S. Standing Comm. on Judiciary (Sept.
9, 2025), *available at*: <https://calmatters.digitaldemocracy.org/hearings/278246>
 (“Sept. 9, 2025 S. Standing Comm. Tr.”).

1 the benefits they believe they deserve based on medical conditions tied to their
2 honorable military service.

3 **FIRST CLAIM FOR RELIEF**

4 **Declaratory/Injunctive Relief—Violation of the First Amendment of the**
5 **United States Constitution (Facial and As-Applied)**

6 136. Plaintiffs repeat and reallege each and every allegation in the preceding
7 paragraphs as though fully stated herein.

8 137. 42 U.S.C. § 1983 allows suit to protect the right to be free from state
9 actions that violate the First Amendment of the United States Constitution.

10 138. “The First Amendment, applicable to the States through the Fourteenth
11 Amendment, prohibits laws that abridge the freedom of speech.” *Nat’l Inst. of Fam.*
12 *& Life Advocs. v. Becerra*, 585 U.S. 755, 766 (2018).

13 139. State governments have “no power to restrict expression because of its
14 message, its ideas, its subject matter, or its content.” *Reed v. Town of Gilbert*, 576
15 U.S. 155, 163 (2015) (citation omitted).

16 140. SB 694 burdens speech in several ways. It prohibits anyone from
17 charging “to prepare, aid, or advise” any veteran with respect to his or her initial
18 claim for disability benefits, regardless of whether the fees are “[p]roportionate to the
19 services” provided and regardless of whether the person refrains from acting as an
20 “attorney or claims agent.” Cal. Civ. Code § 1770(a)(24) (2026).

21 141. As construed by Defendant, SB 694 also prohibits any person who is not
22 an accredited VSO representative, agent, or attorney from “directly or indirectly
23 solicit[ing], contract[ing] for, charg[ing], or receiv[ing], or attempt[ing] to solicit,
24 contract for, charge, or receive, any fee or compensation with respect to the
25 preparation, presentation, or prosecution of any claim for benefits[.]” Cal. Mil. &
26 Vet. Code § 401(e) (2026).

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1 142. Moreover, SB 694 imposes criminal liability on such a person and
2 subjects such person to a private civil action. Cal. Mil. & Vet. Code § 401(g)-(h)
3 (2026).

4 143. VBG’s and “Veteran’s Guardian’s speech is [at] the core of what” each
5 company provides to its clients. *Veterans Guardian VA Claim Consulting LLC v.*
6 *Platkin*, 133 F.4th 213, 219 (3d Cir. 2025). Claims consultants like VBG and
7 Veterans Guardian “deliver[] professional services by speaking and writing”—*i.e.*,
8 by “advis[ing] clients about how to claim benefits: what disabilities to claim, what
9 evidence to include, and how to fill out forms.” *Id.* Those “[p]rofessional services
10 delivered by speaking or writing are speech.” *Id.*

11 144. SB 694 impedes that speech by restricting the compensation that claims
12 consultants may charge or receive for it. The Supreme Court has made clear that
13 similar “financial burden[s] operate as disincentives to speak” and thus trigger First
14 Amendment scrutiny. *Simon & Schuster, Inc. v. Members of N.Y. State Crime*
15 *Victims Bd.*, 502 U.S. 105, 116–17 (1991); *see Veterans Guardian VA Claim*
16 *Consulting*, 133 F.4th at 220 (“[A] law regulating the price of speech burdens
17 speech.”); *see also, e.g., Pac. Coast Horseshoeing Sch., Inc. v. Kirchmeyer*, 961 F.3d
18 1062, 1069 (9th Cir. 2020) (“An individual’s right to speak is implicated when
19 information he or she possesses is subjected to restraints on the way in which the
20 information might be used or disseminated.” (internal quotation marks and citation
21 omitted)).

22 145. Because SB 694 burdens speech, it is subject to First Amendment
23 scrutiny.

24 146. Laws that regulate protected speech based on its content “are
25 presumptively unconstitutional and may be justified only if the government proves
26 that they are narrowly tailored to serve compelling state interests.” *Becerra*,
27 585 U.S. at 766 (citation omitted).

28 ///

1 147. SB 694 is a content-based restriction because it burdens speech on a
2 particular topic: “any claim for benefits under the laws administered by the United
3 States Department of Veterans Affairs.” Cal. Mil. & Vet. Code § 401(e) (2026); *see*
4 *also* Cal. Civ. Code § 1770(a)(24) (2026) (targeting “advi[c]e” to applicants for
5 “federal veterans benefits”); *see, e.g., Simon & Schuster*, 502 U.S. at 116
6 (recognizing that challenged statute was content-based where “[i]t singles out income
7 derived from expressive activity for a burden the State places on no other income,
8 and it is directed only at works with a specified content”).

9 148. SB 694 is also a content-based restriction because it favors speech by
10 VSOs, accredited agents, and accredited attorneys over speech by claims consultants
11 who are not accredited by the VA. *Reed*, 576 U.S. at 170 (confirming that “laws
12 favoring some speakers over others demand strict scrutiny when the legislature’s
13 speaker preference reflects a content preference” (citation omitted)).

14 149. Thus, by burdening speech based on its content and speaker, SB 694
15 infringes the Consulting Plaintiffs’ First Amendment rights.

16 150. By restricting Veteran Plaintiffs and other California veterans from
17 discussing their claims and obtaining advice or assistance from VBG and Veterans
18 Guardian (and other claim consultants), SB 694 also infringes the Veteran Plaintiffs’
19 (and other California veterans’) right to speak, as well as their “right to receive
20 information and ideas.” *Stanley v. Georgia*, 394 U.S. 557, 564 (1969).

21 151. As a content-based restriction on speech, SB 694 is subject to strict
22 scrutiny, “which requires the Government to prove that the restriction furthers a
23 compelling interest and is narrowly tailored to achieve that interest.” *Reed*, 576 U.S.
24 at 171 (internal quotation marks and citation omitted).

25 152. SB 694 does not pass muster. No compelling state interest that is
26 narrowly tailored exists for Defendant to meet this strict standard. *Simon & Schuster*,
27 502 U.S. at 118.

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1 153. Even if SB 694 were reviewed under intermediate scrutiny, Defendant
2 still could not meet his burden of showing that “it advances important governmental
3 interests unrelated to the suppression of free speech and does not burden substantially
4 more speech than necessary to further those interests.” *Turner Broadcasting Sys.,*
5 *Inc. v. FCC*, 520 U.S. 180, 189 (1997).

6 154. SB 694’s legislative history suggests that California’s purported interest
7 is to deter fraud and protect veterans seeking to obtain benefits, and to protect
8 California and its counties’ “investments” in “County [VSOs] who offer accredited,
9 no-cost claims assistance.”²¹

10 155. “[W]hen the government seeks to restrict speech,” it must show that
11 “the recited harms are real, not merely conjectural, and that the regulation will in
12 fact alleviate these harms in a direct and material way.” *Video Software Dealers*
13 *Ass’n v. Schwarzenegger*, 556 F.3d 950, 962 (9th Cir. 2009) (quoting *Turner*
14 *Broadcasting Sys.*, 512 U.S. at 664), *aff’d sub nom. Brown v. Ent. Merchants Ass’n*,
15 564 U.S. 786 (2011).

16 156. Even if California’s purported interests were sufficiently compelling or
17 important, California’s purported interest in protecting veterans seeking to obtain
18 benefits is not materially or directly achieved through SB 694.

19 157. The vast majority of claims consultants operating in California provide
20 effective assistance that benefits veterans. By forbidding organizations like the
21 Consulting Plaintiffs from helping veterans, SB 694 limits veterans’ options for
22 assistance to already-overwhelmed free service providers (VSOs) and the relatively
23 small number of accredited agents or attorneys (fewer than 500 in total in the State,
24 as previously cited) whose compensation structure does not incentivize assistance
25 with initial claims. Veteran Plaintiffs’ frustrating experiences with those sources
26

27 ²¹ Bill Analysis for SB 694, Assemb. Comm. on Military and Veterans Affairs, dated
28 June 27, 2025, at 3, *available at*: https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202520260SB694#.

1 indicate that they are not equipped to provide timely, individualized, and effective
2 assistance to all veterans in California.

3 158. SB 694's prohibitions against unaccredited organizations like
4 Consulting Plaintiffs do not address the upstream issues that exist with VSOs at the
5 county, state, and federal level. As raised by Assembly Member David Tangipa on
6 the Assembly Floor, "the resources [for VSOs] are allocated different per county, the
7 resources are allocated different per state," leading to significant inconsistencies with
8 respect to the services provided to veterans between the VSOs.²² As Assembly
9 Member Tangipa recognized, the lack of funding and related issues for the VSOs has
10 created a "market" for unaccredited claims consultants.²³ Once SB 694 goes into
11 effect and unaccredited claims consultants are prohibited from providing professional
12 services to California's veterans, those existing issues with VSOs will persist and
13 only increase as they become further burdened by veterans needing assistance with
14 the claims process.

15 159. Much of the testimony in support of SB 694 before the California Senate
16 and Assembly was focused on "getting veterans every dollar that they deserve."²⁴
17 But that interest is not achieved by SB 694 given that it and federal law allow agents
18 and attorneys to charge veterans for their claim-related services—including by
19 earning substantial compensation based on the amount of past due benefits awarded
20 to the veteran on appeal. Indeed, Plaintiff Duane Svoboda paid an accredited agent
21 or attorney more than he paid Veterans Guardian.

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24 ²² Test. of Assemb. David Tangipa on the Assemb. Floor (Sept. 4, 2025), *available*
25 *at*: [https://calmatters.digitaldemocracy.org/hearings/278239#t=27&](https://calmatters.digitaldemocracy.org/hearings/278239#t=27&f=c572ce35ec2749df6164213a99f256af)
26 [f=c572ce35ec2749df6164213a99f256af](https://calmatters.digitaldemocracy.org/hearings/278239#t=27&f=c572ce35ec2749df6164213a99f256af) ("Sept. 4, 2025 Assemb. Floor Tr.").

27 ²³ *Id.*; *see also* Test. of Sen. Shannon Grove on the Senate Floor (Jan. 26, 2026),
28 *available at*: [https://calmatters.digitaldemocracy.org/hearings/278462#t=](https://calmatters.digitaldemocracy.org/hearings/278462#t=965&f=d3928a06eaa938c9ca5708bc6dc5970)
965&f=d3928a06eaa938c9ca5708bc6dc5970 ("Jan. 26, 2026 S. Floor Tr.")
(testifying regarding the backlog, understaffing, and funding issues with VSOs).

²⁴ Jan. 26, 2026 S. Floor Tr., at Test. of Sen. Mike McGuire.

1 160. Agents and attorneys' fees increase when the process of seeking a higher
2 rating and increased benefits takes longer (resulting in more total backpay to the
3 veteran), regardless of how much work (if any) the accredited agent or attorney did
4 to achieve that outcome. Indeed, one of the Authors of SB 694 testified before the
5 Senate Standing Committee on Judiciary about the "tactics" that could be employed
6 when fees are calculated based on backpay.²⁵ Assembly Member Carl DeMaio
7 testified to his concerns with SB 694 exempting attorneys from the amendments' bar
8 on claims-related paid services, thereby allowing lawyers to "sit there and rack up
9 hourly rates and turn around and get compensated."²⁶ While an accredited agent or
10 attorney may be financially incentivized to help increase a veteran's rating on appeal,
11 they are also financially incentivized to prolong the process.

12 161. The Consulting Plaintiffs and other similar unaccredited claims
13 consultants, on the other hand, charge fees based on the increased benefits that result
14 from the advice and assistance they provided, regardless of the length of time it takes
15 to achieve those results. Because their fees are not connected to any backpay
16 awarded, the Consulting Plaintiffs are incentivized to help their veteran clients
17 achieve the highest benefits increase as quickly as possible.

18 162. Further, SB 694's prohibitions against unaccredited organizations like
19 the Consulting Plaintiffs do not solve the concerns with accredited agents or attorneys
20 identified by Assembly Member Carl DeMaio, and may only exacerbate those issues.

21 163. According to a statement by the Deputy General Counsel for Veterans
22 Programs before a subcommittee of the House Committee on Veterans' Affairs,
23 nearly two-thirds of the complaints received by the VA's Accreditation, Discipline
24

25 ²⁵ Sept. 9, 2025 S. Standing Comm. Tr., at Test. of Sen. Robert Archuleta ("In some
26 cases, consultants can pocket as much as \$30,000 through tactics such as holding
27 onto the claims for months before filing so they can take their cut from a substantial
28 back pay that the VA eventually awards to the veteran.").

²⁶ Sept. 4, 2025 Assemb. Floor Tr., at Test. of Assemb. Carl DeMaio.

1 and Fees program were made against accredited individuals.²⁷ SB 694 does nothing
2 to protect veterans from the existing problems with accredited agents and attorneys.

3 164. Nor does SB 694 achieve the purported interest of protecting
4 California’s “investments” in VSOs. The non-representation services provided by
5 the Consulting Plaintiffs and other similar organizations do not diminish the services
6 offered by VSOs or other accredited organizations that represent veterans before the
7 VA. On the contrary, the Consulting Plaintiffs often serve veterans who are unable
8 to obtain timely assistance from VSOs due to well-documented backlogs and limited
9 resources—i.e., veterans who would otherwise go unserved. Veteran Plaintiffs’ own
10 experiences demonstrate that VSOs are not able to adequately provide the timely,
11 individualized, and effective services for all the veterans in California who seek
12 claims-related assistance.

13 165. Even if there was a need to “protect” VSOs, SB 694’s prohibitions are
14 not “actually necessary to the solution.” *Brown*, 564 U.S. at 799 (“That is a
15 demanding standard.”). The Consulting Plaintiffs’ services help to decrease the
16 backlog of VSO cases, reducing the delays or other issues that exist as a result of
17 overwhelmed and underfunded VSOs, thereby giving VSOs more time to devote to
18 helping the veterans they represent and to providing assistance on other matters
19 beyond disability benefits. Moreover, veterans can receive advice and assistance
20 from claims consultants and be represented before the VA by a VSO.

21 166. Even if California’s purported interests were compelling and even if SB
22 694 materially advanced them, the law would still be unconstitutional because there
23 are less restrictive alternatives. *In re Nat’l Sec. Letter*, 33 F.4th 1058, 1073 (9th Cir.
24 2022) (“A restriction is not narrowly tailored ‘if less restrictive alternatives would be
25

26 ²⁷ Apr. 27, 2022 VA Subcomm. Tr., at 6 (“From 2017 through 2021, over one-third
27 of the complaints that VA’s Accreditation, Discipline and Fees program received
28 were against unaccredited individuals and organizations (there were 108 of these
complaints as compared to 180 complaints against accredited individuals).”).

1 at least as effective in achieving the legitimate purpose that the statute was enacted
2 to serve.’” (citation omitted)).

3 167. Rather than target fraudulent activities or bar disproportionate fees, SB
4 694 imposes a blanket prohibition on all paid advice and assistance relating to initial
5 claims—including beneficial services that veterans seek and that are “[p]roportionate
6 to the services performed,” Cal. Civ. Code § 1770(a)(24)(B)(iii)—and a blanket
7 prohibition on all paid advice and assistance on any claims by persons who are not
8 accredited by the VA, Cal. Mil. & Vet. Code § 401(e) (2026).

9 168. While one of the Authors of SB 694 testified that Defendant’s “hands
10 are tied” because she “do[es] not feel like the federal law is strong enough for them
11 to be able to hold up in court,”²⁸ there are ample existing alternatives for Defendant
12 to employ to prevent people from actually defrauding and taking advantage of
13 veterans, while still permitting veterans to receive ethical and effective advice and
14 assistance from professional claims consultants.

15 169. For example, California already has statutes criminalizing fraud. *See*,
16 *e.g.*, Cal. Penal Code §§ 532, 532B; *Vill. of Schaumburg*, 444 U.S. at 637
17 (“Fraudulent misrepresentations can be prohibited and the penal laws used to punish
18 such conduct directly.”). Defendant and his subordinates could enforce those statutes
19 against any claims consultants that may seek to defraud veterans. And if an
20 unaccredited person does unlawfully act as an agent or attorney in the preparation,
21 presentation, or prosecution of veterans benefits claims, the “VA often reports the
22 matter to state or local agencies or Federal agencies that enforce rules against
23 unauthorized legal practice; unfair business practices; or consumer or senior fraud
24 laws.”²⁹

25 170. According to testimony of one of the Authors before the Senate
26 Standing Committee on Judiciary, SB 694 is intended to cease the “predatory ads”

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28 ²⁸ Sept. 9, 2025 S. Standing Comm. Tr., at Test. of Assemb. Pilar Schiavo.

²⁹ Apr. 27, 2022 VA Subcomm. Tr., at 4–5.

1 that “funnel” veterans into “this for profit predatory system instead of people being
2 informed that they actually have a free option[.]”³⁰ But prior to SB 694’s
3 amendments, the CLRA already provided a mechanism to inform veterans about the
4 availability of free services. Cal. Civ. Code § 1770(a)(25)(A)–(B) (requiring
5 advertising and promotional material to contain express written and oral disclosures
6 informing veterans about the availability of free services). Broadening the required
7 disclosure to cover veterans’ disability benefits, rather than just “Veterans’ Aid and
8 Attendance benefits” and “insurance products,” *id.*, is a readily available alternative
9 to flat prohibitions against paid assistance on all initial claims for disability benefits
10 and against paid assistance on all claims for disability benefits by unaccredited
11 persons. That alternative also would better advance the State’s purported interest in
12 protecting any investment the State or its counties have made in VSOs.

13 171. Other targeted amendments could have been made to the CLRA that
14 would better protect veterans from potentially unscrupulous practices without
15 burdening speech, many of which were posed to the legislature during hearings on
16 SB 694. For example, statutory amendments could be implemented to specifically
17 prohibit charging fees upfront, require any fees to be contingent on a successful
18 outcome, require any fees to become due only after increased benefits have been
19 received by the veteran, require payment-plan options for veterans, implement a
20 reasonable cap on fees, implement additional disclosure requirements, prohibit false
21 or misleading statements, etc.

22 _____
23 ³⁰ Sept. 9, 2025 S. Standing Comm. Tr., at Test. of Assemb. Pilar Schiavo; Test. of
24 Sen. Robert Archuleta before the Assemb. Standing Comm. on Military and Veterans
25 Affairs (July 1, 2025), *available at*: <https://calmatters.digitaldemocracy.org/hearings/259533#t=27&f=58068053f791fee66529cc881743a6bd> (“July 1, 2025 S. Standing
26 Comm. Tr.”) (“Veterans cannot make informed decisions when they are misled or
27 unauthorized by unauthorized actors who operate outside the federal law. This bill
28 aligns California with federal law and affirms the state’s commitment to protecting
veterans from unaccredited actors who market themselves as professional despite
failing to meet federal accreditation requirements.”).

1 172. Other states have enacted statutes providing for such targeted
2 restrictions. *See, e.g.*, Va. Code § 59.1-615; Okla. Stat. tit. 44, § 239; N.C. Gen. Stat.
3 § 143B-1278; SDCL § 33A-2-37–42; Fla. Stat. § 501.9741; Tenn. Code § 58-3-115.
4 These statutes provide guardrails to prevent abuses, while recognizing that legitimate
5 claims consultants provide valuable assistance and that veterans have a right to
6 choose to benefit from such ethical and effective assistance.

7 173. Rather than employ any one of these alternatives to advance California’s
8 purported interests, however, SB 694 broadly forecloses the speech of organizations
9 that do not carry out exploitative conduct. In fact, it is clear from the Authors’
10 testimony that SB 694 was intended to ban the services of all unaccredited
11 organizations, regardless of whether the organizations raise any of the concerns that
12 supposedly motivated the law. As Assembly Member Carl DeMaio testified on the
13 Assembly Floor, SB 694 is “basically throwing the good out with the bad.”³¹

14 174. Because that blanket prohibition does not advance a compelling or
15 important interest, much less in a narrowly tailored way or in a manner that does not
16 burden substantially more speech than necessary, “the statute lacks any ‘plainly
17 legitimate sweep.’” *NetChoice*, 603 U.S. at 728 (quoting *United States v. Salerno*,
18 481 U.S. 739, 745 (1987)).

19 175. But even if SB 694 could be justified in any circumstance, it still would
20 be facially unconstitutional because any “legitimate sweep” would be outweighed by
21 unconstitutional applications. *NetChoice*, 603 U.S. at 723 (explaining that Supreme
22 Court has “lowered” bar on facial challenges in First Amendment context “[t]o
23 provide breathing room for free expression” (citation omitted)). SB 694 serves to
24 prevent substantially more instances of legitimate claims consultants seeking to
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26 ³¹ Sept. 4, 2025 Assemb. Floor Tr., at Test. of Assemb. Carl DeMaio; *see also* Jan.
27 26, 2026 S. Floor Tr., at Test. of Sen. Shannon Grove (testifying about how SB 694
28 is “a ban. It’s all or nothing.”); *id.* at Test. of Sen. Thomas Umberg (“Here we are
with a situation we’re going to outlaw entire industry.”).

1 provide ethical and effective advice and assistance to veterans, who would freely
2 choose to benefit from their services with full knowledge of available no-cost
3 alternatives, than it prevents the minority of instances of claims consultants that
4 would seek to carry out predatory or fraudulent practices or to represent veterans
5 before the VA without accreditation.

6 176. At a minimum, SB 694 is unlawful as applied to the advice and
7 assistance that legitimate claims consultants like the Consulting Plaintiffs seek to
8 provide to help consenting and fully informed veterans, like Veteran Plaintiffs, with
9 their own claims in a non-agent capacity. As even one of the authors of SB 694
10 recognized in testimony before the Senate Standing Committee on Judiciary, the law
11 undisputedly sweeps in those unaccredited persons and organizations whose
12 “business practices are [] above board” and who provide “worthwhile” services.³²

13 177. Application of SB 694 to bar the Consulting Plaintiffs’ professional
14 speech, for example, demonstrates how such enforcement of the law would not
15 advance any important (much less compelling) interest in a narrowly tailored way.
16 The Consulting Plaintiffs are fully transparent, ensuring that all their clients and
17 potential clients, like Veteran Plaintiffs, are not only fully informed about their fees
18 and services, but also fully informed that accredited representatives may provide
19 assistance at no charge.

20 178. The Consulting Plaintiffs also do not defraud their clients (or
21 prospective clients) or otherwise engage in the type of predatory behavior that the
22 State has asserted as the motivation for SB 694. For example, the Consulting
23 Plaintiffs inform each of their veteran clients that they are not sponsored by or
24 affiliated with the VA or VSOs; the Consulting Plaintiffs do not guarantee any

25 ³² Sept. 9, 2025 S. Standing Comm. Tr., at Test. of Sen. Robert Archuleta (“Some
26 veterans may be willing to pay a fee if the services they receive are worthwhile and
27 a company’s business practices are also above board. ... We find that, yes, there are
28 a couple of people that are doing the job right. ... We did hear that no doubt there are
few that are doing a good job.”).

1 results; no fees are charged up front; no fees are charged unless the veteran receives
2 a favorable decision; the Consulting Plaintiffs’ fees are not contingent on or
3 calculated based on any back pay that may be awarded; and the veteran retains control
4 over his or her claim, including by filing the claim. Plaintiff Duane Svoboda’s
5 positive experience with Veterans Guardian—and his and his son’s desire to receive
6 Veterans Guardian’s paid advice and assistance on additional claims—evidence the
7 Consulting Plaintiffs’ commitment to providing ethical, transparent, and effective
8 services.

9 179. The Consulting Plaintiffs further self-regulate by imposing a cap on fees
10 of no more than 5 times the increase in monthly benefits amount, which is in line
11 with the reasonable caps put in place by several states. *See, e.g.*, Okla. Stat. tit. 44,
12 § 239(B)(4) (limiting compensation to “five times the amount of the monthly
13 increase in benefits awarded based on the claim”); SDCL § 33A-2-39 (same); Tenn.
14 Code § 58-3-115 (same); N.C. Gen. Stat. § 143B-1278(c)(1)(a) (same); Va. Code
15 § 59.1-615(C) (same).

16 180. Because the Consulting Plaintiffs’ fees are dependent on an increase in
17 the veteran’s monthly disability benefits tied to the assistance provided, every client
18 that pays the Consulting Plaintiffs is necessarily better off financially than he or she
19 was before receiving Plaintiffs’ assistance. In many cases, the fees the Consulting
20 Plaintiffs charge will be lower than the fees that accredited agents or attorneys assess
21 based on the back pay a veteran receives on a favorable appeal. Indeed, Plaintiff
22 Duane Svoboda paid more to the accredited agent or attorney who previously
23 represented him on a claim than he paid to Veterans Guardian. Moreover, the
24 Consulting Plaintiffs’ clients who are successful on initial claims begin to receive the
25 monthly increases in benefit payments sooner than they would if they were only to
26 receive the same favorable decision from the VA on appeal (which can take years).

27 181. Finally, the Consulting Plaintiffs do not provide the type of
28 representative services that federal law reserves for accredited agents and attorneys,

1 VSOs, or one-time individuals. As reflected in their respective services agreement,
2 neither the Consulting Plaintiffs nor their veteran clients consent for the Consulting
3 Plaintiffs to represent the clients before the VA, and Plaintiffs do not take any actions
4 before the VA (or any third party) that legally binds their clients.

5 182. The Veteran Plaintiffs want to receive the Consulting Plaintiffs' advice
6 and assistance in a non-representative capacity—with a full understanding of the
7 scope of their services and their straightforward fee structure, and with full
8 knowledge of cost-free alternative services—but SB 694 deprives the Veteran
9 Plaintiffs of that choice. SB 694 also interferes with the Veteran Plaintiffs' ability to
10 speak with the Consulting Plaintiffs regarding how their medical conditions may
11 connect to their military service, in furtherance of a claim for the disability benefits
12 they believe they deserve. Those examples demonstrate that, as applied to the
13 Consulting Plaintiffs' professional speech to the Veteran Plaintiffs (and to other
14 California veterans who want to pay for Plaintiffs' non-agent advice and assistance),
15 and as applied to those veterans' related speech to the Consulting Plaintiffs, SB 694
16 fails to directly advance the State's purported interests in a narrowly tailored way.

17 183. Plaintiffs seek a declaration that Section 1770(a)(24) of the California
18 Civil Code, as amended by SB 694, and Section 401(e) of the California Military and
19 Veterans Code, as amended by SB 694, violate the First Amendment facially and as
20 applied to the advice and assistance that legitimate claims consultants like Consulting
21 Plaintiffs seek to provide in a non-agent capacity to help consenting and fully
22 informed veterans in California with their own disability benefits claims.

23 184. Plaintiffs seek preliminary and permanent injunctive relief preventing
24 Defendant from implementing or enforcing Section 1770(a)(24) of the California
25 Civil Code, as amended by SB 694, and Section 401(e) of the California Military and
26 Veterans Code, as amended by SB 694, against them.

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1 185. Plaintiffs have been forced to retain counsel to prosecute this action and
2 are thus entitled to an award of attorneys' fees and costs as provided by applicable
3 law, including 42 U.S.C. § 1988.

4 **SECOND CLAIM FOR RELIEF**

5 **Declaratory/Injunctive Relief—Violation of the First Amendment of the**
6 **United States Constitution (Petition and Association)**

7 186. Plaintiffs repeat and reallege each and every allegation in the preceding
8 paragraphs as though fully stated herein.

9 187. The First Amendment protects the right to petition a government agency
10 for redress of grievances and correspondingly protects the right to associate for that
11 purpose. *See, e.g., Roberts v. U.S. Jaycees*, 468 U.S. 609, 622 (1984) (“An
12 individual’s freedom to ... petition the government for the redress of grievances could
13 not be vigorously protected from interference by the State unless a correlative
14 freedom to engage in group effort toward those ends were ... also guaranteed.”).

15 188. SB 694 infringes the right of the Veteran Plaintiffs (and similarly
16 situated California veterans) to petition the government by depriving them of their
17 adviser of choice. The law likewise infringes Veteran Plaintiffs’ (and similarly
18 situated California veterans’) right to associate with their adviser of choice for
19 purposes of petitioning the government. “Infringements on that right may be justified
20 [only] by regulations adopted to serve compelling state interests, unrelated to the
21 suppression of ideas, that cannot be achieved through means significantly less
22 restrictive of associational freedoms.” *Roberts*, 468 U.S. at 623.

23 189. SB 694 is not narrowly tailored to serve a compelling government
24 interest. Depriving the Veteran Plaintiffs and similarly situated California veterans
25 of their ability to make an informed choice to benefit from the advice and assistance
26 that they deem to be ethical and effective does not advance the purported interest in
27 protecting veterans. And even if protecting counties’ investment in VSOs could be
28 a compelling interest, that interest would not be advanced by enforcing SB 694 (or

1 threatening to enforce SB 694) to bar the Veteran Plaintiffs and similarly situated
2 California veterans from associating with Consulting Plaintiffs. Moreover, there are
3 less restrictive means of advancing those purported interests, including using speech
4 by the State itself to promote VSOs' representative services, broadening the law's
5 disclosure requirements to cover disability benefits, and employing any of the other
6 targeted, commonsense provisions that other states have put in place without
7 completely depriving veterans of their right to associate with claims consultants.

8 190. SB 694, therefore, violates the First Amendment rights of the Veteran
9 Plaintiffs and similarly situated California veterans who wish to associate with, and
10 receive advice and assistance from, claims consultants like Consulting Plaintiffs to
11 help the veterans develop their own application for the benefits to which they are
12 entitled.

13 191. Plaintiffs seek a declaration that Section 1770(a)(24) of the California
14 Civil Code, as amended by SB 694, and Section 401(e) of the California Military and
15 Veterans Code, as amended by SB 694, violate the First Amendment rights of the
16 Veteran Plaintiffs and similarly situated California veterans to petition the
17 government and to associate with claims consultants for that purpose.

18 192. Plaintiffs seek preliminary and permanent injunctive relief preventing
19 Defendant from implementing or enforcing Section 1770(a)(24) of the California
20 Civil Code, as amended by SB 694, and Section 401(e) of the California Military and
21 Veterans Code, as amended by SB 694, against them.

22 193. If successful in their constitutional claims, Plaintiffs are entitled to
23 recover their reasonable attorneys' fees, pursuant to 42 U.S.C. § 1988.

24 **THIRD CLAIM FOR RELIEF**

25 **Declaratory/Injunctive Relief—Federal Preemption Under the Supremacy**
26 **Clause of the United States Constitution**

27 194. Plaintiffs repeat and reallege each and every allegation in the preceding
28 paragraphs as though fully stated herein.

1 195. The Supremacy Clause of the United States Constitution mandates that
2 federal law “shall be the supreme Law of the Land.” U.S. Const. art. VI, cl. 2.

3 196. Under settled preemption principles, state law must yield where it
4 “interferes with or is contrary to federal law[.]” *Felder v. Casey*, 487 U.S. 131, 138
5 (1988) (citation omitted). A state law is preempted where it “stands as an obstacle
6 to the accomplishment and execution of the full purposes and objectives of
7 Congress.” *Arizona v. United States*, 567 U.S. 387, 406 (2012) (citation omitted).

8 197. Obstacle preemption applies “[e]ven when Congress has not occupied
9 the field” through comprehensive federal regulation and even when ““compliance
10 with both federal and state regulations”” is possible. *Ting v. AT&T*, 319 F.3d 1126,
11 1136 (9th Cir. 2003) (citation omitted). “What is a sufficient obstacle is a matter of
12 judgment, to be informed by examining the federal statute as a whole and identifying
13 its purpose and intended effects[.]” *Crosby v. Nat’l Foreign Trade Council*, 530 U.S.
14 363, 373 (2000).

15 198. Congress has long regulated the veteran disability benefits claims
16 process, with the objective of compensating disabled veterans for their decreased
17 ability to earn a living as a result of their service. *See generally, e.g., Rose v. Rose*,
18 481 U.S. 619, 643 (1987) (Scalia, J., concurring) (recognizing that “veterans’
19 disability benefits are intended to compensate for impaired earning capacity and to
20 provide reasonable compensation for disabled veterans and their families”).

21 199. Consistent with that objective, federal law regulates who may represent
22 veterans before the VA and under what conditions fees may be charged. *See, e.g.,*
23 38 U.S.C. § 5904; 38 C.F.R. § 14.626 (“The purpose of the regulation of
24 representatives, agents, attorneys, and other individuals is to ensure that claimants
25 for [VA] benefits have responsible, qualified representation in the preparation,
26 presentation, and prosecution of claims for veterans’ benefits.”).

27 200. Federal law likewise establishes an exclusive system for adjudicating
28 veterans’ benefits claims. “The Secretary [of Veterans Affairs] shall decide all

1 questions of law and fact necessary to a decision . . . under a law that affects the
2 provision of benefits.” 38 U.S.C. § 511(a). Judicial review is confined to a
3 specialized tribunal with “exclusive jurisdiction to review decisions of the Board of
4 Veterans’ Appeals.” *Id.* § 7252(a).

5 201. As courts have recognized, this framework reflects Congress’s intent “to
6 construct an exclusive source of review for veterans benefits claims.” *Beamon v.*
7 *Brown*, 125 F.3d 965, 970 (6th Cir. 1997); *accord, e.g., Waksmundski v. Williams*,
8 No. 1:16-cv-413, 2017 WL 749193, at *6 (S.D. Ohio Feb. 27, 2017), *aff’d*, 727 F.
9 App’x 818 (6th Cir. 2018).

10 202. Courts have also recognized the primacy of federal law in this area. *See,*
11 *e.g., Hines v. Lowrey*, 305 U.S. 85, 90–91 (1938) (reversing state court award of
12 attorneys’ fees of more than \$10 as “contrary to the controlling congressional
13 enactment,” and recognizing that “Congressional enactments in pursuance of
14 constitutional authority are the supreme law of the land”); *In re Descamp’s Est.*, 175
15 A.2d 827, 830 (Pa. 1961) (recognizing that since Congress first passed a law
16 “limit[ing] fees chargeable for legal service rendered to war veterans in the
17 processing of their claims” in 1862, “Congress has not deviated from its protective
18 role in this field”); *Jewell v. Herke*, 526 F. Supp. 3d 459, 465 (D. Minn. 2021)
19 (recognizing that “allegations are sufficient to state a claim that certain disclosure
20 requirements obstruct Congress’s intent that veterans have access to authorized,
21 qualified private representatives to assist them in pursuing claims for VA benefits”).³³

22 203. Until 2006, federal law prohibited unaccredited individuals from
23 receiving compensation for advising and assisting a veteran with his or her VA
24

25 ³³ *See also* Accreditation of Agents and Attorneys; Agent and Attorney Fees, 73 FR
26 29852-01, 2008 WL 2127437 (May 22, 2008) (response to comments concerning
27 Termination of Accreditation or Authority To Provide Representation Under
28 § 14.630) (“Despite the fact that Congress did not expressly command that State laws
regarding representation would be superseded by those in 38 U.S.C. Chapter 59,
Congress’ intent can be inferred....”).

1 disability benefits claim, even if that advice and assistance did not involve
2 representation before the VA. 38 U.S.C. § 5905 (1991). Specifically, the law made
3 it a crime for anyone to “solicit, contract for, charge, or receive, any fee or
4 compensation except as provided in section [] 5904[.]” *Id.* And then (as now),
5 Section 5904 authorized the Secretary to recognize (i.e., accredit) agents and
6 attorneys “for the preparation, presentation, and prosecution of claims,” and provided
7 that “a fee may not be charged, allowed, or paid for services of agents and attorneys
8 with respect to services provided before the date on which the Board of Veterans’
9 Appeals first makes a final decision in the case” (i.e., for services provided on initial
10 claims). 38 U.S.C. §§ 5904(a), (c)(1) (1998). Read together, Chapter 59 prohibited
11 anyone from charging fees for advising and assisting on an initial claim, and imposed
12 criminal penalties for violating that prohibition.

13 204. In 2006, however, Congress repealed the prohibition and the associated
14 penalties, while leaving intact the federal accreditation system governing agents and
15 attorneys. Pub. L. 109-461, § 101(g), 120 Stat. 3408 (2006). That repeal reflects a
16 deliberate policy judgment that ethical and effective services that do not amount to
17 representation (i.e., that are not acts of an agent or attorney) should be permitted, and
18 certainly should not be subject to criminal sanction.

19 205. Section 401(e) of the California Military and Veterans Code, as
20 amended by SB 694, conflicts with that federal regulatory framework by effectively
21 reinstating under State law the very language that Congress repealed. In doing so,
22 the State imposes a flat ban on paid claims-related advice and assistance by persons
23 not accredited by the VA, regardless of whether they provide the representative
24 services for which federal law imposes an accreditation requirement. That
25 reintroduces a prohibition that Congress deliberately eliminated and creates a parallel
26 state enforcement regime governing participation in the federal claims process.

27 206. To the extent Defendant construes Section 1770(a)(24) of the California
28 Civil Code, as amended, to similarly bar claims consultants from charging for advice

1 and assistance in a non-representative capacity, that provision likewise conflicts with
2 the federal regulatory framework.

3 207. By restricting the advice and assistance that nonaccredited consultants
4 may provide on disability claims, SB 694 risks delaying or preventing veterans in
5 California from obtaining benefits to which they are entitled, particularly given the
6 limited availability of accredited representatives.

7 208. SB 694 thus frustrates Congress’s objective of facilitating access to the
8 benefits system and ensuring effective assistance to claimants.

9 209. Moreover, Section 401(e) of the California Military and Veterans Code,
10 as amended by SB 694 and read in conjunction with Section 401(h), imposes criminal
11 liability on compensated claims assistance by unaccredited individuals (and on
12 compensated claims assistance by anyone in relation to initial claims). That criminal
13 liability conflicts with Congress’s two-decade-old decision to remove the threat of
14 comparable criminal penalties.

15 210. Even where a state “attempts to achieve one of the same goals as federal
16 law,” it is preempted if it “involves a conflict in the method of enforcement” and
17 interferes with Congress’s chosen regulatory scheme. *Arizona*, 567 U.S. at 406.
18 Where, as here, Congress’s “text, structure, and history” reflect a decision not to
19 impose certain penalties, a state may not override that judgment by imposing them
20 itself. *Id.*

21 211. SB 694 cannot be justified as a narrow exercise of state police power.
22 While states may regulate fraud and deceptive practices, SB 694 imposes a
23 categorical ban and criminal liability untethered to deception or other exploitative
24 behavior. That prohibition and the associated criminal penalties eliminate forms of
25 assistance that Congress has chosen to permit and that are consistent with Congress’s
26 objective of ensuring veterans’ access to ethical and effective help in navigating a
27 complex benefits system.

28 ///

212. Because SB 694 “stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress,” it is preempted under the Supremacy Clause. *Arizona*, 567 U.S. at 406 (citation omitted).

213. Plaintiffs seek a declaration that federal law preempts Section 1770(a)(24) of the California Civil Code, as amended by SB 694, and Section 401(e) of the California Military and Veterans Code, as amended by SB 694.

214. Plaintiffs seek preliminary and permanent injunctive relief preventing Defendant from implementing or enforcing Section 1770(a)(24) of the California Civil Code, as amended by SB 694, and Section 401(e) of the California Military and Veterans Code, as amended by SB 694.

215. Plaintiffs have been forced to retain counsel to prosecute this action and are thus entitled to an award of attorneys’ fees and costs as provided by applicable law.

PRAYER FOR RELIEF

NOW, THEREFORE, Plaintiffs request a judgment in their favor against Defendant as follows:

1. Declare that Section 1770(a)(24) of the California Civil Code, as amended by SB 694, and Section 401(e) of the California Military and Veterans Code, as amended by SB 694, facially violate the First Amendment;
2. Declare that Section 1770(a)(24) of the California Civil Code, as amended by SB 694, and Section 401(e) of the California Military and Veterans Code, as amended by SB 694, violate the First Amendment as applied to the advice and assistance that legitimate claims consultants like the Consulting Plaintiffs seek to provide in a non-agent capacity to help consenting and fully informed veterans in California, like the Veteran Plaintiffs, with their own disability benefits claims;

3. Declare that Section 1770(a)(24) of the California Civil Code, as amended by SB 694, and Section 401(e) of the California Military and Veterans Code, as amended by SB 694, violate the First Amendment rights of veterans in California, like the Veteran Plaintiffs, to petition the government and to associate with claims consultants for the purposes of petitioning the government;
4. Declare that Section 1770(a)(24) of the California Civil Code, as amended by SB 694, and Section 401(e) of the California Military and Veterans Code, as amended by SB 694, are preempted by federal law and are therefore null, void, and unenforceable;
5. Issue preliminary and permanent injunctive relief preventing Defendant from implementing or enforcing Section 1770(a)(24) of the California Civil Code, as amended by SB 694, and Section 401(e) of the California Military and Veterans Code, as amended by SB 694, against Plaintiffs;
6. Issue preliminary and permanent injunctive relief preventing Defendant from seeking civil penalties, equitable relief, or any other remedy against Plaintiffs based on any alleged violation of Section 1770(a)(24) of the California Civil Code, as amended by SB 694, and Section 401(e) of the California Military and Veterans Code, as amended by SB 694;
7. Award Plaintiffs their reasonable attorneys' fees and costs, as appropriate; and
8. Grant such other and further relief as the Court may deem appropriate.

DATED: August 18, 2026

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* *Pro hac vice* applications forthcoming.